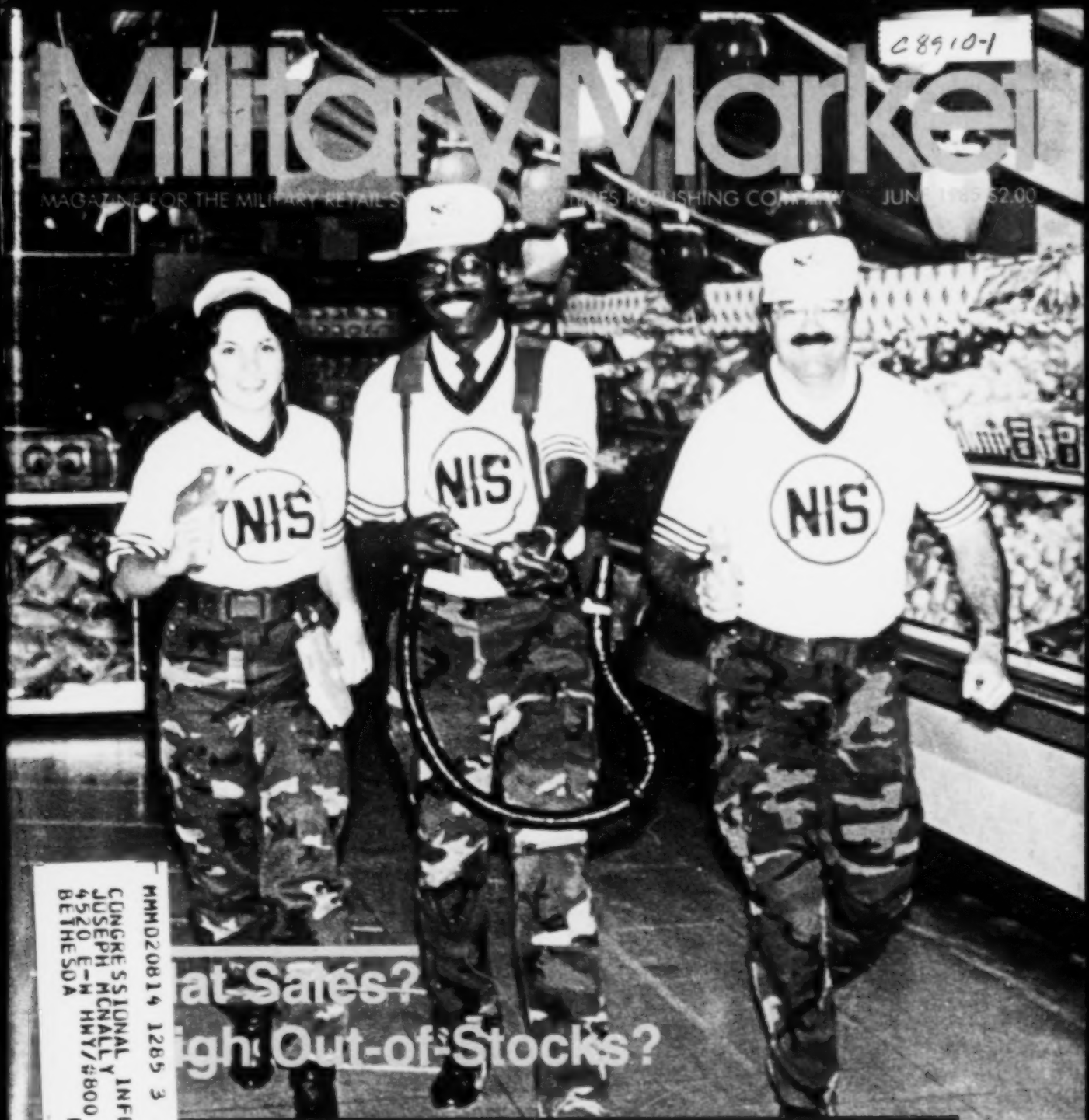
C8910-1

Military Market

MAGAZINE FOR THE MILITARY RETAIL S... ...DNES PUBLISHING COMPANY JUN... ...$2.00



...at Sales?
...gh Out-of-Stocks?

...hink You Better Call NIS Busters!

MMMD20814 1285 3 06 C 01
CONGRESSIONAL INFO SVC
JOSEPH MCNALLY
4520 E-W HWY/#800
BETHESDA MD 20814

Military Market serving the military retail system

JUNE 1985/VOLUME 36 NO. 6
Army Times Publishing Company
A Division of The Times Journal Company

contents

Editorial Comment 4

Survey 6
This month, NAVRESSO commissary civilians talk to MILITARY MARKET about the Navy's new "90 days to relocate" program.

Presenting the NIS Busters! 7
Not-in-Stocks got you and your customers down? Who you gonna call? These dynamos mean business — and they've been roaming MWCOR to make Not-In-Stocks a thing of the past.

News 10

Market Report: Peanut Butter & Jelly 17
Jelly producers take on a sluggish market while marketers of peanut butter encourage people to "go nuts" for snacks and breakfast food.

Holiday Sneak Preview 18
As manufacturers begin winding up for the holiday season, MILITARY MARKET finds fresh innovations in many gift lines.

Merchandising Bits & Pieces 24

Market Report: Beer and Soft Drinks 25
Taste wars continue full tilt in the soda market while beer brewers contend with changing tastes and tougher drinking laws.

System of the Month: AAFES 31
MILITARY MARKET takes a look at the Market Research Division, "the eyes and ears of good management" at AAFES.

New Products 34

Supplier Notes/Troop Maneuvers 35

Promos 36

Classifieds 37

Military Market Index 38

Com-Ex Comix/Ad Index 39

Calendar 40

WATCHING AAFES' CUSTOMERS: Page 31

PRESIDENT
William F. Donnelly

EXECUTIVE VICE PRESIDENT
Henry L. Bellber

SENIOR VICE PRESIDENTS
Donald J. Garyantes
Joseph G. Varga (Advertising)

VICE PRESIDENTS
Michael Bella (Production)
Thomas B. Moore (Circulation)
Robert E. Schweitz (Editorial)

ASSISTANT EDITORIAL DIRECTOR
James Doyle

Copyright Army Times Publishing Co. 1985, Army Times Publishing Co. — Trade Division. The material in this publication is copyrighted and may not be reproduced in whole or part without written permission of the publisher.

THE NIS BUSTERS, LEFT TO RIGHT: SARAH SAUNDERS, MWCOR CONTRACTING DIVISION; GREGORY McGRUDER, FORT SAM HOUSTON COMMISSARY OFFICER; AND BRYAN ROUKEY, FORT BLISS COMMISSARY OFFICER. *(MWCOR PHOTO)*

COVER DESIGN BY GARNETT SULLIVAN

EDITOR
Nancy Tucker

MANAGING EDITOR
Brett W. Ferrigan

ASSOCIATE EDITORS
Jay Blucher, Anne Roketenetz
Kathy A. Thomas

OFFICE MANAGER
Ann Nutt

ATPUBCO NEWS SERVICE
Tom Philpott, Chief; Tom Burgess, Martha Craver, Rick Maze, Paul Smith

STAFF PHOTOGRAPHERS
Kate Patterson, Tracy Woodward

ART DIRECTOR
Garnett Sullivan

STAFF ARTISTS
Matthew Arozian, Carrie Wall

ADVERTISING MANAGER
Kirk Brown

CIRCULATION
Paul A. Blinkowski

ADVERTISING PRODUCTION
Phyllis King

EXECUTIVE OFFICES
6885 Commercial Dr.
Springfield, VA 22159-0210
Phone (703) 750-8676

ADVERTISING SALES OFFICES
1 Citicorp Center
153 E. 53rd St.
New York, NY 10022
Phone (212) 753-1040

ABPS

BPA

MILITARY MARKET, (USPS 011-686)
Military Market is published 12 times a year by the Army Times Publishing Co., a division of The Times Journal Co., Springfield, VA 22159-0210. Single copies, $2, except January Buyers Guide and July Almanac and Directory issues, $5 each. Yearly subscriptions within the U.S., $20; to civilian addresses outside the U.S., $25. Second class postage paid at Springfield, VA, and additional mailing offices. POSTMASTER: Send address correction to Military Market Magazine, Springfield, VA 22159-0210.

Military Market survey

Commissary Mobility Program

"It's A Lot to Ask Me to Give Up"

TO SAY THE LEAST, there are a lot of Navy commissary folks who are not pleased about NAVRESSO's recently-announced Navy Commissary Civilian Mobility Program.

Behind the new policy is the ongoing drive within NAVRESSO to place more civilians in commissary positions that customarily have been staffed by military members — the "civilian substitution" program.

The policy, set forth in a NAVRESSSO Instruction dated January 23, 1985, requires newly-employed civilians in the GS-1144 series, grades GS-8 through GS(GM)-14, to sign mobility statements as a condition of employment. It also contains a corollary that a civilian who signs the mobility agreement and subsequently refuses to be geographically reassigned can be terminated.

Current employees in the same civil service series, which covers a wide range of commissary positions (including commissary store managers and department heads such as grocery and meat department managers), can voluntarily sign the agreement if they wish to become eligible for upward mobility within the Navy commissary program.

For this month's MILITARY MARKET survey, managers generally respond negatively to questions about the new personnel requirement. Although not all of the 44 respondents are critical, 30 indicate that they don't think it is an equitable policy, while only nine believe it is fair. The survey was mailed to 273 Navy commissary civilians, including store managers, meat, produce and grocery department managers, and sales floor, front end and warehouse department heads.

Three out of four respondents say they haven't yet signed the mobility requirement, and judging from the emotional volatility and disdain apparent in many replies, it seems unlikely that many of them will ever sign it.

A whopping 40 of the total 44 respondents believe that the policy is unfair and poorly conceived. "An employee cannot forsake everything — their home, family, friends and roots, just for the sake of one lousy civil service job."

Though most people appear opposed to the policy, a few NAVRESSO workers seem to view it as a necessary evil. Some even feel it's long overdue. Says one, "I feel it's an equitable answer to what will be a commissary management problem within NAVRESSO for the next several years. This will give the Navy the leeway it will need to put its best qualified personnel in the areas it feels are necessary. Hopefully, patron requirements will not suffer from what should prove to be a period of drastic change."

But this type of response is the exception. Says another employee: "There are many things to be considered — family circumstances, spouses' health and job opportunities. Just exactly where are we going to be relocated to? In today's market, whether one's home could be sold within 90 days, and at how much of an economic loss, are two very big questions."

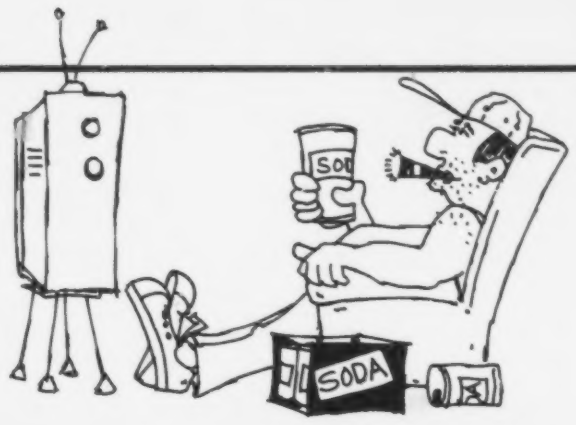
Thirty of the 44 respondents believe that 90 days is far too short a notice for relocation. One commissary worker predicts, "I feel this program will result in the loss of some highly qualified personnel, especially for those who have high school age dependents living at home or who are buying their homes and have established any kind of roots at all. It's a lot to ask someone to give up."

Another points out that there shouldn't be inconsistencies among the services' civilian career management programs, asking rhetorically, "What's the big deal? Civilians in the Army and Air Force have been working under a similar policy for years."

Another cautions that NAVRESSO should take a closer look at classifications of its civilian commissary positions to ensure that the Navy's jobs are not classified lower than those in Army and Air Force stores doing the same volume of business.

The final question in this month's survey is an open-ended one which asks for general comments about the new personnel policy. Seven replies are identical. Maybe there's a bit of the collective consciousness at work out there — all seven say, "It stinks!" MM

1 — ARE YOU AWARE THAT IN JANUARY, NAVRESSO HEADQUARTERS ISSUED AN INSTRUCTION ON ITS NEW 'NAVY COMMISSARY CIVILIAN MOBILITY PROGRAM'? Yes — 26. No — 18.
2 — IN THE INSTRUCTION, NAVRESSO SAID THAT ALL NEWLY-EMPLOYED CIVILIANS IN THE GS-1144 SERIES, GRADES GS-8 THROUGH GS(GM)-14, MUST SIGN THE MOBILITY STATEMENT AS A CONDITION OF EMPLOYMENT. DO YOU THINK THIS IS APPROPRIATE? Yes — 9. No — 30. Don't Know — 5.
3 — NAVRESSO ASKED THAT ALL CURRENTLY-EMPLOYED CIVILIANS IN THE GS-1144 SERIES, GRADES GS-8 THROUGH GS(GM)-14, VOLUNTARILY SIGN THE MOBILITY STATEMENT. DID YOU SIGN IT? Yes — 5. No — 33. Not applicable — 6.
4 — IF YOU SIGNED THE STATEMENT, DID YOU VOLUNTARILY SIGN IT, OR DO YOU BELIEVE YOU WERE COERCED INTO SIGNING IT? Volunteered — 16. Coerced — 2. Not applicable/Did not respond — 26.
5 — NAVRESSO SAYS IT 'RESERVES THE RIGHT TO MEET MISSION REQUIREMENTS THROUGH REASSIGNMENT OF PERSONNEL' UNDER THIS PROGRAM. DO YOU THINK PERSONNEL RELOCATIONS WILL BE NECESSARY? Yes — 9. No — 24. Don't Know — 11.
6 — DO YOU THINK THAT YOU WILL PERSONALLY BE REQUIRED TO RELOCATE? Yes — 4. No — 20. Don't Know — 20.
7 — ARE YOU WILLING TO RELOCATE? Yes — 10. No — 20. Don't Know — 14.
8 — DO YOU THINK THAT 90 CALENDAR DAYS IS SUFFICIENT ADVANCE NOTIFICATION FOR RELOCATION? Yes — 13. No — 30. Don't Know — 1.
9 — UNDER THE PROGRAM, CIVILIANS WILL GENERALLY NOT BE REQUIRED TO RELOCATE MORE OFTEN THAN ONCE EVERY THREE YEARS? IS THIS TOO LONG OR TOO SHORT? Too long — 1. Too short — 27. Don't Know — 16.
10 — IF A CIVILIAN REFUSES TO BE GEOGRAPHICALLY REASSIGNED, HE OR SHE CAN BE TERMINATED. DO YOU THINK THIS IS FAIR? Yes — 4. No — 40.
11 — WHAT COMMENTS DO YOU HAVE ABOUT THIS PROGRAM? (See story).



Soda Sales Foam, But Beer Sales Are Flat

Taste wars continue in the soda market, while beer manufacturers fight the pinch of changing tastes, a decline in the number of traditional male drinkers and tougher drinking laws.

By ANNE ROKETENETZ
Associate Editor

IF COMMISSARY AND exchange patrons follow their civilian counterparts, this summer they'll be reaching for more soda and less beer.

The reasons, say manufacturers of both types of beverages, include a decline in the number of males between the ages of 18 and 34 (who represent the traditional beer drinker), changing tastes, greater health concerns, and a growing urgency to curb drunk driving.

Added together, these factors have resulted in flat sales for the beer industry. What's worse, said many brewers MILITARY MARKET contacted for this article, they are not optimistic that the flat sales will turn around in the near future because of the growing popularity of soft drinks.

To combat the poor sales and the impact soft drinks have had on the beer market, brewers are now working to produce different lines of brews, including those that taste like imports, beers that are less filling or beers that are low in alcohol. Some have even turned to brewing non-alcoholic beers in hopes of keeping a hold on the beer drinker who doesn't want the alcohol but still enjoys the taste.

Low vs. Light

Despite overall flat sales, two segments of the beer market are selling well. Light beers and low alcohol types are the most popular domestic beers right now and both types are enjoying a healthy chunk of a market which once belonged to the premiums.

Many drinkers don't realize that light beers aren't necessarily low alcohol beers. The difference is great.

Light beers, which have been on the market since the mid '70's, make up approximately 36 percent of the total beer market. They are touted as being "less filling." Though they contain an alcohol level of at least 3.1 percent, what makes them light and less filling is that they often have a higher water content than premiums. As a result, they are popular with drinkers who enjoy beer but are conscious about getting a "beer gut," and drinkers who want a milder, smoother taste.

Low alcohol beers, on the other hand, are just that. Most contain 2 percent or less alcohol content. They are relatively new to the market. Most brewers MILITARY MARKET contacted said that though it is still too early to judge just how well these beers are doing, they are finding a niche of their own. And though most people in the beer industry are confident low alcohol beers won't take a large bite out of the light beer market, some remain skeptical about weak beer's future.

"If I were betting on long term prospects for low alcohol beer, I would say it will eventually die down," says Allen Schuster, director of international sales for Stroh International. Schuster's philosophy is that "for a beer drinker who is used to drinking a 4 to 5 percent alcohol content beer and is satisfied with this, to go to anything less without splitting hairs, he might as well just bite the bullet and drink non-alcoholic beer."

Schuster predicts that in a few years non-alcoholic beers will develop a niche of their own. And that niche, he says, "will be a taste finesse. Low alcohol will then step down."

Peer Pressure

Beer drinkers know that imported beers like Heineken, Moosehead and Becks are full bodied and stronger than domestics. So at first glance it seems a bit crazy that these types also are on the rise while domestic lights and low alcohols are overtaking American full-bodied premiums.

Not so, says a spokesman for the G. Heileman Brewing Co. He attributes the growth in the popularity of imports to peer pressure. "We don't see a contradiction in this at all," he says. "It's just peer group pressure."

If that's the case, then American breweries are moving towards recapturing the domestic premium drinker

market report

by introducing new premium class brews with names that resemble imports. Heileman, for example, will soon begin distribution in Washington state and Oregon of its new Weinhard's Ireland Style Premium Light Ale. With a 3.5 percent alcohol content, the new ale will be aimed at the new premium market comprised of the yuppie segment.

Anheuser-Busch is expected to begin national distribution of its Michelob Classic Dark Beer in the near future.

Another new brew targeted for the premium drinker is the Adolph Coors Co.'s Coors Extra Gold. Coors expects to begin test marketing that brand sometime during the second half of the year. According to *Advertising Age*, the new beer, which will be a heavier-tasting premium, will probably replace the company's earlier tested Coors Golden Lager, which failed in test markets.

Cashing In on Cola Wars.

On the opposite front, soda manufacturers are bubbling with delight at the increased popularity of soft drinks. To cash in, they are now waging their own cola wars.

The recent big news is Coca-Cola USA's taste revision of its flagship brand Coke. The reformulation is an effort to regain valuable market shares lost to Pepsi-Cola. Reports in the trade press have indicated that at the end of last year, Coke's share of the market had fallen to 21.7 percent from 24.3 percent in 1980. During the same period, Pepsi's share reportedly jumped from 18 percent to 18.8 percent.

But press information provided by Coca-Cola attributes the reformulation to blind taste tests which showed that consumers preferred the new Coke over the original by a margin of 55 to 45 percent. The company says the new formula was discovered while developing its Diet Coke four years ago.

Coca-Cola USA, which will celebrate its 100th birthday next year, is touting the taste change as "the most significant soft drink development in the company's history." Coke hasn't changed its secret recipe since 1903 when the Pure Food and Drug Act required that the company remove the traces of cocaine included in the formula at the time. The question now is whether the reformulation will mean Coke tastes more like Pepsi.

The Coke reformulation didn't go unnoticed by Pepsi, which responded to its competitor's taste change with an open letter appearing as a full-page newspaper advertisement. "After 87 years of going at it eyeball to eyeball, the other guy just blinked," wrote Pepsi president Roger Enrico. Enrico pointed a finger at Coke, stating that "Coca-Cola is withdrawing their product from the market place and is reformulating brand Coke to be 'more like Pepsi.' "

Lemon/Limes

Flaring beside the cola wars, a smaller battle between lemon/lime-flavored soft drinks is starting to gain momentum.

The lemon/lime segment accounts for 12 percent of the total soda market. The two top contenders are Seven-Up and Coca-Cola's brand Sprite. Even though Seven-Up already holds the No. 1 spot with more than 50 percent of the market share, the company is gearing up to further secure its lead by reintroducing some old advertising. Sprite ranks No. 2 in the lineup, with an estimated 20 to 25 percent share.

Seven-Up's recent move revitalizes its decade-old advertisements which touted the product as being the "Uncola." A spokesman tells MILITARY MARKET that "On doing consumer research, we found there was a connection with the Uncola theme, even though we haven't used that advertisement in over 10 years."

Fruit-flavored soft drinks other than lemon/lime are also starting to gain ground. Coca-Cola USA recently introduced cherry-flavored Coke to the market. Though it is not yet available in the military, Joe Marshburn, military sales manager for Coca-Cola, said early reports show the sales of the new product doing very well.

Dr. Pepper, however, isn't very worried about Coke's addition to the cherry-flavored soda segment, a spokesman for that company says. In fact, he explains, Dr. Pepper (which celebrates its own 100th anniversary 11 months before Coke does) has a very loyal following within the military. This is because "72 percent of the people in the military are from below the Mason-Dixon line, which is our major market."

Marshburn also confirms that Coca Cola's new Minute Maid line of soft drinks are still in the test market stage. Marshburn says the new line, which will contain juice, is expected to be available sometime later this year.

Diet Anyone?

It only seems natural that with America's increased emphasis on diet

On-Base Military Beer Sales 1980-1983

In Millions of Dollars

OUTLET & YEAR	DOMESTIC	OVERSEAS	WORLDWIDE
1983			
Clubs & Package Stores	$113	$ 58	$171
Exchanges	156	77	233
Total Sales	**$269**	**$135**	**$404**
Military Strength	1,630,095	532,754	2,162,849
Per Capita Sales	$165.00	$253.00	$187.00
1982			
Clubs & Package Stores	$109	$ 57	$166
Exchanges	137	66	203
Total Sales	**$246**	**$123**	**$369**
Military Strength	1,635,415	521,197	2,156,612
Per Capita Sales	$150.00	$236.00	$171.00
1981			
Clubs & Package Stores	$100	$ 56	$156
Exchanges	125	61	186
Total Sales	**$225**	**$117**	**$342**
Military Strength	1,607,898	514,759	2,122,657
Per Capita Sales	$140.00	$227.00	$161.00
1980			
Clubs & Package Stores	$ 92	$ 51	$143
Exchanges	117	53	170
Total Sales	**$209**	**$104**	**$313**
Military Strength	1,586,691	502,135	2,088,826
Per Capita Sales	$131.00	$207.00	$150.00

Source: Research Department, Army Times Publishing Co.

market report

and health-diet soft drinks are growing in market strength. The low sugar refreshers account for 32 percent of the soda market.

"Diet drinks have done phenomenal in the market," one manufacturer tells MILITARY MARKET. One that has done amazingly well has been Diet Coke, says Marshburn. Introduced just three years ago, Diet Coke has already climbed into the No. 3 spot in the diet soda segment. Says Marshburn: "That's unheard of in three short years to achieve that." Diet Coke will not undergo the taste reformulation of its sugar-added counterpart.

To get into this specialized market, several soda manufacturers have started plans to revive their own diet lines. Seven-Up, for example, recently announced that it has plans to revise its Like sugar-free line. Like, introduced to the cola market in 1983, captured only 0.5 percent of the business. The company is hopeful it will be able to capture more with the revised version.

But besides the greater concern for health, diet drinks have also been increasing in popularity because of better taste, says a spokesman for Dr. Pepper. "The biggest thing in diet drinks has been the introduction of NutraSweet," he says. "Because of its sweetening power, you see more people who don't normally drink diets doing so. Aspertame [the chemical name for NutraSweet] has a much more palatable taste than saccharine did."

One spokesman for a major manufacturer, however, says he doesn't think the diet types are doing as well in the military as they have in the civilian market. "Given the nature of the military patron, he is more active and doesn't really need a diet or sugar-free soda."

A diet soda that has benefited from NutraSweet's more palatable taste has been the Chicago based A. J. Canfield Co's 2-calorie Diet Chocolate Fudge Soda. In January, the company made the switch from saccarine to aspertame in its nine flavored line of diet soda. Since then, sales of the company's fudge soda, first introduced in 1972, have soared from 1 million cans a year to 25 million in the last four months.

Since the addition of NutraSweet, the privately owned Canfield Co has increased its home territory of Illinois, Indiana, Wisconsin, Michigan and Iowa to include franchises in 33 other western and southwestern states. The company is also negotiating with bottlers in New York, New Jersey and Connecticut.

One market segment that has not fared as well as beverage manufacturers anticipated is that of caffeine-free sodas. Although they have yet to find a niche of their own, one manufacturer tells MILITARY MARKET that they have done best in the diet line. "If you are going to drink a soft drink without sugar, then you will probably be drinking one without caffeine." MM

Responsible Drinking Campaigns

TWO FACTORS THAT have had roles in flattening beer sales have been the public's increased awareness of alcohol's dangers and the efforts by special interest groups to curb alcohol consumption.

Groups such as MADD (Mothers Against Drunk Driving) and SADD (Students Against Drunk Driving) have worked hard on the local and national levels lobbying for legislation to tighten existing drinking and driving laws.

The movement to alert the public to the dangers of irresponsible drinking has materialized within the military as well. A spokesman for G. Heileman Brewers tells MILITARY MARKET, "There is a move to vocally let people know they [the base commanders] are taking this thing serious."

A deemphasis on alcohol by DoD, for example, has led to a recent suggestion that the military not promote alcoholic beverages through special offers and price reductions unless the same deal is being offered in the civilian market, says a NAVRESSO spokesman. Some bases have eliminated on-base happy hours, increased the availability of alcoholism counseling and have set monthly quotas on the amount of beer military members can purchase.

Perhaps the biggest move on the military's part, however, is taking effect the first of June, when a federal mandate will require all military installations Stateside to conform to their state's drinking age laws.

"In the military, there have been great pressures put on the people to increase their awareness of alcohol and its dangers," says Allen Schuster, director of international sales for Stroh International. Schuster says his company rarely offers price promotions. "Our philosophy is to supply the military with what it needs, but not to try to exceed that need."

Other brewers, such as Anheuser-Busch, Inc. and Miller Brewing Co., are promoting responsible drinking through educational programs.

As early as 1982, Anheuser-Busch used the military to introduce its first corporate advertising campaign geared towards responsible drinking. Anheuser's Military Sales Manager, Tom Moore, tells MILITARY MARKET the company has continued with the campaign by extending it into the civilian market. It has also developed Operation ALERT, an educational program designed for distributors, restaurant owners and consumers.

Anheuser has also financially supported both MADD and SADD, says Moore, adding that the company aided in establishing SADD. Between the two, Anheuser donated somewhere in the area of $600,000. "We are taking a very positive stand for this. We want people to drink beer and enjoy it but in moderation."

Similar efforts by Miller Brewing has led to that company's support of several alcohol awareness groups, including the Alcohol and Drug Problems Association of North America; the American Council on Alcoholism; the Educational Commission of the States; the Health Education Foundation, and BACCHUS (Boost Alcohol Consciousness Concerning the Health of University Students).

In addition, the company also sponsors the educational program called Alcohol Information from Miller. AIM provides educational literature, advertising materials and public presentations on responsible drinking to distributors, politicians, educators and regulatory officials.—A.R.

AAFES Market Research Division:

'The Eyes & Ears of Good Management'

Feedback from exchange shoppers is massaged and manipulated by the market research folks at AAFES headquarters. There's no telling how it will affect the decision-making process.

THE CHIEF MASSAGER AND MANIPULATOR of AAFES' market research data, Col. William Miner, sits alongside his primary job tool — the computer terminal. *(Photo by Jay Blucher)*

By JAY BLUCHER
Associate Editor

IN BOTH THE RETAIL and resale businesses, sound management decisions are rarely arrived at haphazardly or blindly. Answers to questions like where to locate a new store, which customer segments to target or whether to expand a facility, for example, are always the result of painstakingly careful studies, long-term planning and thorough market research.

It may come as a bit of a surprise to some people, but a division doing market research exists within AAFES. Safely tucked away in the Dallas headquarters, a small but dedicated staff of 12 civilians and three military members goes quietly about the task of conducting research while dutifully hunched over their respective computer terminals. These folks are tabulating the answers to AAFES customer surveys, compiling data from research reports, developing computer models for simulation or hashing through reams of statistics detailing some aspect of AAFES' operations.

"Market research is the cornerstone of any management decision, the mortar that brings all the pieces together, and essentially, the eyes and ears of good management," says Army Col. William Miner, director of the marketing research division at AAFES headquarters.

"We do many things here, but basically, we listen to our customers — try to find out what it is they like about our exchanges, or what it is they don't like, and then we find areas where AAFES can improve its level of service to our patrons."

The primary tool of AAFES market research is the computer, which allows instant analysis of massive quantitities of statistical and demographic data. But the secondary tool is the old-fashioned basic customer survey. AAFES employees from headquarters, the regions or local exchanges poll passing shoppers for the answers to a few questions.

Currently, there are about 30 customer surveys going on within AAFES on a worldwide scale. The questions range from very broad scoped ones like "What do you think of the selection of products at your main exchange?," to more detailed ones like, "How much do you spend on an average visit to the exchange?"

AAFES managers at every level reap benefits from the surveys, however. At headquarters, management's query could be, "Should AAFES decide to go into more upscale children's clothing?" At the region level, the same question might be, "How much and what kind of training do we need to train our clothing sales clerks about this merchandise?" And at the store level, an exchange manager might wonder, "Do I really need to stock more upscale children's clothing, based on my customer mix?" A single survey from the marketing research division could provide information to address each of their concerns.

One area that most of the current crop of surveys is zeroing in on, says Miner, deals with AAFES sales clerks —an area of concern at headquarters. "We want to know if our customers are satisfied with the in-store service they receive. Are the sales clerks friendly and courteous? Do they have good product knowledge? Are they as courteous as sales clerks you might encounter downtown?"

The division has conducted customer surveys on a wide variety of subjects. Since its inception in 1979, more than 100 surveys covering topics like theaters, credit, children's clothing, gasoline sales and Hispanic music have been done and analyzed.

Timely issues are usually high on

the agenda. Credit and credit cards comprise one such area where AAFES has concentrated recent survey efforts. Says Miner, "We have looked into several aspects of the credit issue — specifically, to what extent we are losing business as a result of not offering credit. It's hard to quantify, but we are definitely losing market share. Common sense will almost tell you that on a high ticket item, you just can't expect everyone to lay down cash."

He points out some problem areas encountered with credit questions, problems indigenous to *any* survey. "We'll run a survey and ask, 'Where did you buy this children's clothing for back-to-school?' The individual will say, 'We went to Sears or K mart or Walmart.'

"But when you ask them *why*, they'll often give you the *rational answer* of better selection, better prices or more brands. But you get this gut feeling that those answers aren't really why they're going off-base, 'cause you know the prices aren't any better there."

What Miner and his folks have learned through years of survey-taking is that sometimes you have to sneak in questions about credit within the context of other surveys. Says Miner, "Further down in the survey after you've got their mind on something else, say, children's clothing, for example, you might throw in a question like, 'How do you normally purchase B-T-S children's clothing? Do you pay cash, or use a credit card?'

" 'Credit card' comes up very frequently . . . too frequently for us not to offer the cards."

Sometimes AAFES surveyers offer an incentive for patrons to fill out a survey form, like a coupon for five gallons of gasoline if they complete a survey on service stations. That method has its drawbacks. "Sometimes that only ends up with the folks answering the survey with the responses that *they think* we are looking for, so you have to be careful with incentives. Or else people will think, 'Well, I've never taken my car to the AAFES facility, and I've never heard anyone complain about it . . . so, it must be okay — I'll check excellent.' "

AAFES' market research folks realize there's a margin of error. "Sometimes you just have to approach this whole survey business with a lot of common sense," says one research analyst.

Customer surveys are only a part of what this group does, however. What is known in AAFES lingo as operations research and management information are also major tasks.

Explains Miner, "Basically we do all the economic analyses for all the various businesses that AAFES is currently involved in, or is going to be involved in shortly. We look at both its existing state of affairs as well as its potential to make a little money for us.

"Occasionally we will get called into different areas or special projects. The auditing or services people may send their own people in to take a look at some aspect of the business."

One of Miner's all-time favorite projects was an anaylsis of how AAFES should go about configuring its gas station service islands. "AAFES is beginning to install gas pumps at some of its shoppette locations now. There are many factors to consider before you build these things. You don't want to underbuild your gas station, nor overbuild it. You have to answer things like, how far should the islands be apart, how many should we have, what should their hours of operation be to maximize our profits, what flavors of gas should be dispensed from which locations and how many gallons should be dispensed from each location."

Customer Strength (Authorized Army & Air Force)

Active Duty	1,380,010
Active Duty Dependents	1,946,660
Civilians	35,330
Civilian Dependents	17,980
Reserve Components	1,211,670
Retirees	1,016,160
Retiree Dependents	1,321,000
Survivors	58,470
TOTAL Potential AAFES Customers	**6,987,280**

SOURCE: AAFES, 1985

Education of Enlisted Members As of 30 September, 1983

Level of Education	Army	Air Force
Graduated from college	2.9%	2.5%
Two or more years of college	15.2	11.9
Some college	25.9	30.7
High school graduate	93.8	95.7
Two or more years of high school	93.5	95.7
Some high school	99.0	99.6
Graduated from grade school	99.2	100.0

99% of Officers have graduated from college.

SOURCE: AAFES, 1985

Active Duty Age Distribution

Age	Men	Women	All
Less than 21 years	19.7%	19.1%	19.6%
21-25 years	34.4	44.4	35.3
26-29 years	15.7	20.3	16.2
30-35 years	15.9	12.5	15.6
36-39 years	7.8	2.3	7.3
Greater than 40 years	6.5	1.4	6.0

SOURCE: AAFES, 1985

Customer Strength by Location (Active Duty — Army & Air Force)

Location	Number	%
ConUS	891,668	64.6
Alaska, Hawaii, U.S. Territories	101,395	7.4
Foreign Countries: Europe	306,842	22.2
Asia and Pacific	67,010	4.9
Other	13,101	.9
TOTAL	**1,380,010**	**100.0**

SOURCE: AAFES, 1985.

Miner's marketing research folks spent more than a year wrestling with these questions, developing a sophisticated computer model that would allow them to play with all sorts of gasoline service station scenarios. When it was finished in March of 1982, AAFES could benefit from having the only economic analysis of its kind in the world.

Boasts Miner, "We checked with our suppliers, with the gas companies and the associations, and nowhere had this ever been done before. You know, what's funny is that our people with 20 years of experience in the field had been doing these calculations for years on the back of an envelope or something and coming very close to the exact figures our model worked out."

The computer model allows the market research folks the opportunity to play around with many different possible scenarios. Miner calls this process "war-gaming it." For example, with a given four-island, eight dual dispenser service station where the product mix breaks down to 38 percent regular, 50 percent unleaded and 12 percent other, analysts can plug in different hours of operation, different peaks in demand and many other variables to test the "final solution" — the plan that fits all possible scenarios the best.

The surveys themselves are done in many different ways, but Miner finds personal contact interviews in AAFES outlets offer the best response. There are some restrictions, in that the surveys cannot be taken outside of the military community and AAFES is presently not mailing them.

Normally, surveys are done within AAFES facilities, which is a limitation because the respondents are people that are currently customers, while the surveys seek to reach the shoppers going elsewhere as well.

Explains Miner, an old-hand at survey-taking himself, "I like to hand the survey out via an AAFES employee — give it to the customer and have them take it home. I don't like to hold them up or have them sit down at a table. Then they can mail it back at their leisure in the self-addressed, stamped envelope. It's never lengthy. Oh, and nobody at headquarters screens them at all or takes out the bad responses."

Occasionally, the market research division gets involved in product research, but not as a general rule. Explains Miner, "The beverage buyer might come up and ask me to track a couple of beverages sales in the market, and we'll do that for him, but that's really a small part of what we do."

Demographics Details

However, demographic analysis and developing the profile of the AAFES customer is a major responsibilitly of the division. Using DoD data bases and their own statistical abstracts, Miner's people follow the changing demographic patterns of AAFES' markets. He admits that, "although the AAFES profile of its customer is *typical*, it's not really *representative*. That customer is different at each location you may find. In reality, there is no such animal as the typical AAFES customer."

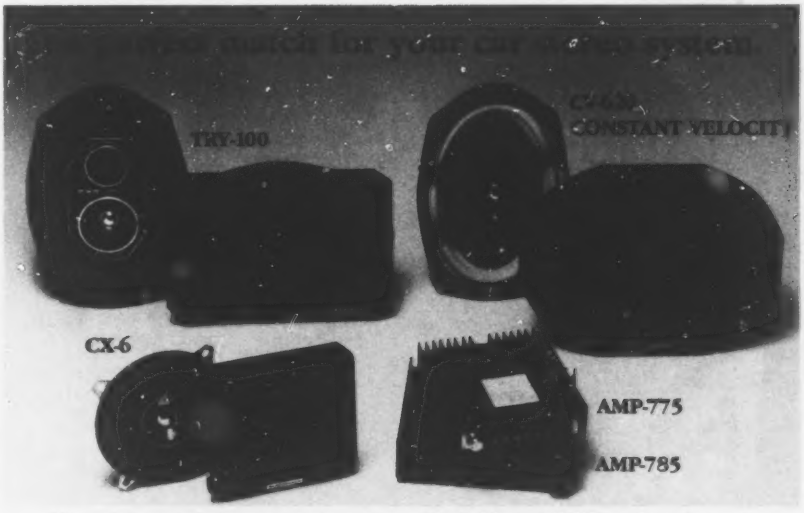
Laments Miner, "Unfortunately, we in AAFES cannot target the market like our retail competition can. It comes with the territory. We have to serve all these people, so we have to get into the minds of our customer, and the best way to do that is through our customer surveys. They love to have the chance to offer direct feedback to us here at headquarters."

The market research division is also responsible for the annual Nielsen price comparison surveys. Says Miner, "In spite of Nielsen's documented savings of greater than 20 percent, our customers' perception of savings is only 12 to 15 percent, and that's a real problem for us. We must ask ourselves, 'Why do our patrons feel they actually save less than they really do?' "

You can't blindly assume certain things about the AAFES market. "You can't say, 'Here's a base with a population of 75 percent E-1 and below,' therefore we should put a lot of budget merchandise in there. You can't really classify areas like that, because we have found those same troops also want quality names and merchandise, and they are willing to pay for it. That's why you must rely on solid research."

A good example of the above happened at the Fort Sam Houston exchange, where the patron mix is mostly retirees, with a dependent population that is very small. Explains Miner, "The exchange put in upscale children's clothing and it did phenomenally, contrary to what you might expect." The reason was that retirees were buying clothing as presents for their grandchildren. "Our market research showed us that there was great demand for this merchandise at this location, so we went with it."

Miner sums up his job: "If I could just get one thing across to our patrons it would be that we *know* we have competitive pricing in our stores. Nielsen backs that up. All we're asking is for you to include AAFES in your shopping agenda. If you can find it elsewhere cheaper, than by all means, go there. But before you drive off-base, give us a look, huh?" MM



Upgrade your existing car stereo system with Audiovox's full line of speakers, amps and equalizers. We've got 2-way and 3-way speakers designed to handle power. Our newest addition, the 'Constant Velocity' speaker gives you a built in amplifier and equalizer circuitry.

Both our AMP-785 and AMP-775 7-Band Graphic Equalizers handle 50 watts of power.

See Audiovox's "perfect matches" at your main exchange. Great looks, great sound and great prices.

AUDIOVOX CORPORATION, 185 New Boston Street, Woburn, MA 01801. (617)935-8550

A U D I O V O X

We make cars more livable.

© 1985 Audiovox Corp.

Military Market index

		FEBRUARY			YEAR-TO-DATE		
Commissaries		CY'85	CY'84	%	CY'85	CY'84	%
Air Force	CONUS	$137,662	$144,386	-4.66	$292,617	$287,215	+1.88
	OVERSEAS	28,097	28,303	-0.73	58,671	55,884	+4.99
	TOTAL	**165,759**	**172,689**	**-4.01**	**351,288**	**343,099**	**+2.39**
Army	CONUS	96,390	99,855	-3.47	202,860	198,450	+2.22
	OVERSEAS	29,085	31,185	-6.73	60,795	62,265	-2.36
	TOTAL	**125,475**	**131,040**	**-4.25**	**263,655**	**260,715**	**+1.13**
Navy	CONUS	59,644	55,570	+7.33	115,368	108,600	+6.23
	OVERSEAS	6,414	6,544	-1.99	12,972	12,521	+3.60
	TOTAL	**66,058**	**62,114**	**+6.35**	**128,340**	**121,121**	**+5.96**
Marines	CONUS	12,114	12,817	-5.48	26,457	25,277	+4.67
	OVERSEAS	249	172	+44.77	485	346	+40.17
	TOTAL	**12,363**	**12,989**	**-4.82**	**26,942**	**25,623**	**+5.15**
Coast Guard	CONUS	274	228	+20.18	565	461	+22.56
	OVERSEAS	284	268	+5.97	607	518	+17.18
	TOTAL	**558**	**496**	**+12.50**	**1,172**	**979**	**+19.71**
All Commissaries	CONUS	$306,084	$312,856	-2.16	$637,867	$620,003	+2.88
	OVERSEAS	$64,129	$66,472	-3.52	$133,530	$131,534	+1.52
	TOTAL	**$370,213**	**$379,328**	**-2.40**	**$771,397**	**$751,537**	**+2.64**
Grocery Stores	U.S.[1]	**$19.559**	**$19.183**	**+1.96**	**$40.562**	**$38.681**	**+4.86**
Exchanges							
AAFES	CONUS	$209,886	$207,104	+1.34	$395,672	$397,055	-0.35
	OVERSEAS	142,926	143,393	-0.33	278,314	282,739	-1.57
	TOTAL	**352,812**	**350,497**	**+0.66**	**673,986**	**679,794**	**-0.85**
Navy	CONUS[2]	82,433	81,526	+1.11	144,783	141,893	+2.04
	OVERSEAS[2]	33,348	34,708	-3.92	63,906	62,612	+2.07
	TOTAL[2]	**115,781**	**116,234**	**-0.39**	**208,689**	**204,505**	**+2.05**
Marines	CONUS	27,918	32,277	-13.50	48,776	48,856	-0.16
	OVERSEAS	4,557	5,099	-10.63	8,901	8,687	+2.46
	TOTAL	**32,475**	**37,376**	**-13.11**	**57,677**	**57,543**	**+0.23**
Coast Guard	CONUS[3]	6,171	5,663	+8.97	11,309	10,558	+7.11
	OVERSEAS[3]	476	701	-32.10	920	1,313	-29.93
	TOTAL[3]	**6,647**	**6,364**	**+4.45**	**12,229**	**11,871**	**+3.02**
Mail Order	CONUS[4]	1,325	1,686	-21.41	2,380	3,183	-25.23
	OVERSEAS[4]	3,667	4,048	-9.41	6,530	8,066	-19.04
	TOTAL[4]	**4,992**	**5,734**	**-12.94**	**8,910**	**11,249**	**-20.79**
All Exchanges	CONUS	$327,733	$328,256	-0.16	$602,920	$601,545	+0.23
	OVERSEAS	$184,974	$187,949	-1.58	$358,571	$363,417	-1.33
	TOTAL	**$512,707**	**$516,205**	**-0.68**	**$961,491**	**$964,362**	**-0.36**
Department Stores	U.S.[1]	**$7.821**	**$7.467**	**+4.74**	**$15.465**	**$14.741**	**+4.91**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.